

# Continual Human Resources Empowerment through Human Capital and Commitment for the Organizational Performance in Hospitality Industry

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## Abstract

*The research orientation is motivated by internal organizational problems, namely the problem of improving organizational performance which is influenced by the empowerment of human resources and human capital. The research investigates how the mediating role of human capital and employee commitment. Method of the research was a survey method. Structural Equation Modeling (SEM) analysis was applied to find out the correlation and influence among the observed variables, while the type of research was explanatory. Based on the statistical data, there are 134-star hotels and destination of other tourism objects in East Java that will become targets of the respondents. Participants in this research were 216 respondents. The result of the research showed that human resources empowerment has an insignificant effect on the performance of the organization. Both human capital and commitment have been able to mediate HR empowerment in improving the performance of the organization. This study recommends the importance of human resource development in human capital. It is recommended that the hotel management focus more on competency standards for workers in the hospitality industry.*

**Keywords:** human capital; commitment; empowerment; hospitality.

## 1. Introduction

Fluctuation of the occupancy level in star hotels in East Java has still below 50% per year, on the average, and it shows that, in general, the performance of the star hotels are still low and have not shown any significant development. Therefore, the performance should be improved. Lower performance in such star hotels is estimated that not only the external factors, which affect them but also internal factors of the hotel's organization. The external factors are triggered by global security problems, which have become a serious concern. Such security problem relates to terrorism action that has created a performance to be less beneficial for global tourism industry due to the tourists' safety has become the main factor, and of course, it would be disturbed because of the bomb action in the destination as well as the tourism facilities (hotel). This has encouraged other countries to put into effect the travel warning for their citizens who visit Indonesia.

This the research was more focused on the internal problems of the organization, such as the organizational performance improvement, which is affected by human resources empowerment and human capital, by conducting the research in East Java. The reason is, East Java relatively close to the world's tourism destination, Bali, which enables it to have rapid development in the future, however the fact in the field shows that the hotels' occupancy level in East Java have relatively dynamic and fluctuating.

Factors, which cause lower performance of the star hotels in East Java include the organizational capability of the hotel in anticipating the effect of external environment change and lack of the organizational capacity in adapting to the change. Clarke

(1999) revealed that the change in the market has occurred rapidly and the businesses should respond quickly in order to sustain, but most companies have failed.

One of the causes that relate to a failure in anticipating the external change is human resources (Martinsons *et al.*, 2017; Shah *et al.*, 2017; Isaac & Rutenberg, 2017; Reason, 2017, and Wehrmeyer, 2017). Nirwandar (2006) stated that one of weaknesses in the tourism industry and the supporting factors (hotel) in Indonesia is lower competence of the human resources. Therefore, it has triggered lower organizational capacity to take action more quickly in order to adapt to the change immediately, and it has caused lower performance of the organization (Ashford, 2018; Chandrasekhar, 2018; Tomczak *et al.*, 2018; Spyropoulou *et al.*, 2018; Marasi *et al.*, 2018; Drucker, 2004; Nielson, 2008; Stewart, 2006).

However, human resources empowerment plays important role in the hospitality industry. Why is the attention directed to the empowerment problem? Bryson (2018), Bailey *et al.* (2018), d'Estrée & Parsons (2018), Liu *et al.* (2018), Guo *et al.* (2018) and Nixon (1994) recognized the challenge of empowerment that emerged from both external and internal challenges, which are faced by the organization. The external challenge is as a result of high competition level, the change of workforce structure, and higher expectation of the consumers. Meanwhile, the internal challenge relates to the employee's retention, motivation, and development of the employees (Yao *et al.*, 2018; Wang *et al.*, 2018; and Hisler & Bandow, 2018) This is the correlation between human resources empowerment and human capital. Furthermore, in order to achieve optimal performance of the organization, it requires higher commitment of the employees to the organization (Drucker, 2004). However,

topic about the human resources empowerment rarely emerges in hospitality and tourism industries (Baum, 2018; Ladkin, 2018; Lai, *et al.*, 2018; Sainaghi *et al.*, 2018; Murphy *et al.*, 2018; Kandampully *et al.*, 2018; Erstad, 1997; Lashley, 1999; Jarar & Zairi, 2002).

Theoretically, human resources empowerment has affected on success of the management in the company (Wilkinson, 1998; Noe, *et al.*, 2006), in which empowerment refers to delivering responsibility and authority to the employees to make decision that relates to all aspects of the product development and customer service (Noe, *et al.*, 2006). Besides that, human resources empowerment has been able to increase contribution of the human resources to the organization (Alwi, 2001).

Empirically, there were two groups of different results of the research. The first group of the research has supported the theory that human resources empowerment has improved the organizational performance (Lashley, 1999, 2000; Jarar, 2002; D'Anunzio *et al.*, 1999; Setiawan, 2005) and the other group has different result empirically, in which, even though the human resources empowerment has been done, it has not been able to improve the organizational performance (Siegel, 2000; Ugboro, 2006; Zulkarnain, 2008). Based on the description above, a question emerges, why such difference emerges in relation to the role of human resources empowerment, which has not been able to improve the organizational performance, therefore it requires further consideration about the effect of human resources empowerment on performance of the organization.

It has been presumed that the low performance of the organization has related to human investment (human capital) and commitment of the employees to the organization. It means that even though the employees have been empowered but the commitment of the employees have not emerged yet; therefore, the performance of the employees have not been able to be improved (Erstad, 1997; D'Anunzio *et al.*, 1999; Fernandes, 2006; Oakland *et al.* 2007, Kuokkanen *et al.*, 2007, Puig *et al.*, 2012). In order to improve performance of the organization, it requires such human resources empowerment culture through the appropriate human resources investment (Erstad, 1997; Clarke, 1999), by concentrating on optimal behaviors as is presumed by the employees and whether they have worked well as well as creating employee's involvement in decision-making in order to be more committed to participating and responsible for the achievement of the organization's goal through initiatives and ideas that will be developed within the organization.

Based on the explanation above, a gap has existed in the form of conflict or different results of the research that requires more explanations about the role of human capital and the commitment of the employment as mediators. Such different results are presumed due to different ways of the organization to invest in human resources development and capability of the human resources to commit to the organization. These two variables are suggested to be able to describe different results of the organizational performance, even though each organization has applied such human resources empowerment.

In a service the company, interaction among human resources empowerments is required, particularly in improving the performance of the company (Cho, *et al.* 2006). However, this research is different from the previous research; therefore it will provide some original contributions to the scientific world. This research tries to explain why there are no stable results of human resources empowerment toward the performance of the organization, as described above.

*How does human resources empowerment affect the performance of the organization, how does human resources empowerment affect on human capital.* How does human resources empowerment affect the commitment of the employees. How does human capital affect the commitment of the employees. How does human capital affect the on the performance of the organization. How does the commitment of the employees affect on the performance of the organization? The objective of the research was to develop the theoretical

model of human resources empowerment in the hospitality industry, which integrated human resources empowerment, human capital on the commitment of the employees and performance of the organization. Such theoretical model development of human resources empowerment has been done by testing the integrated empirical model operationally and empirically, as well as analyzing it.

Empowerment is a way that enables the employee to be more capable of making a decision (Bowen and Lawler, 1992), and as a personal phenomena in which each individual must be responsible for his/her own actions (Pastor, 1996). The first definition relates to how does the management facilitate and implement such empowerment culture, and the second definition emphasizes the importance of the individual to be a success in implementing the empowerment.

HRM approach in human resources empowerment has emphasized on the adjustment between the resources and objectives of the organization, which have maintained and preserved the organizational culture. Sometimes, a radical change may occur about competence, which is required in the future to achieve continuation and change of the organization. This research was based on result of the research by Real and Valle (2011), who conducted the research on manufacturing company and examined the mediation role of human capital between human resources practices and organizational capacity of the learners. Result of the research showed that human capital plays the role in mediating the human resources practices and organizational capacity of the learners. Furthermore, Puig *et al.* (2012) suggested to the next researchers to examine the effect of human capital on the performance of the company in the non-manufacturing industry. In the model of Denison (Mobley *et al.* 2005), human resources empowerment is one of the indicators in the model of organizational culture. This is conformed to the statement given by Stewart (1998) that empowering others means cultural change. Such empowerment would not run well if the entire cultures of the organization have not changed fundamentally (Stewart, 1998).

## 2. Human Capital

Human capital is a part of the analysis instruments in the individual level. Furthermore, the working individual requires special knowledge and expertise as attached in the theory of human capital, which describes that investment in knowledge and expertise will gain more benefits (Becker, 1993). Factors that could improve human capital are formal education and experiences as the base to overcome any managerial situation. Honig (1998) stated that factors, which affect on human capital, include education and experience, so that they will increase productivity, entrepreneurship activities, and success in business.

Becker (1993) described that human capital as a result of skill, knowledge, and training, which are owned by an individual, including investment accumulation, such as educational activities, job training, and migration. Furthermore, Echrenberg and Smith (1994) found that a part-time worker would gain less human capital. This is due to less working hours and working experiences (Renes and Ridder, 1995; Wolf, 2002). Also, Williams (2000) added that by increasing working experiences, it will increase acceptance in the future.

Bontis *et al.* (2002:621-642) defined it as "the individual knowledge supply of the organization as described by the workforces in the organization or company". The increasing knowledge is a base of the economy as an attribute to increase the role toward "intellectual capital is an intangible and important source for the company in order to survive in strict competition (Ross and Ross, 1997). Human Capital and Social Capital are the fundamental components of the Intellectual Capital (Nahapiet and Ghoshal, 1998).

Reynolds, *et al.* (1999) found some factors that affect on the

human capital. Age and gender are the influential factors on the entrepreneurship education. The experience factor, in general, shows that the older the age, between male and female, tend to have different education and vocational school choices as they desired. Furthermore, less female chooses to be an entrepreneur than males, in which this phenomenon has been examined specifically toward education (Robert *et al.*, 1991). Each individual has 3 (three) sources, which complete each other as part of human capital. Those three elements of human capital include intellectual capability, social capability, and emotional capability, which interact with each other within the individual and could affect the organization. For each individual, democracy in doing the job is a responsibility to do the job and include developing our own capabilities. The world moves fast and requires all capabilities of human capital to be developed as fast as possible. The need for up-to-date knowledge and establish persistent relationship should be maintained. Each individual will be aware of any risk of the job and make a choice about the job, as well as develop the capability.

Based on diverse opinions and theories that have been stated previously, the human capital variable is taken as one of the observed variables. Indicators of human capital are assessed through education, experience, training, and development.

### 3. Commitment of the Organization

Definition of commitment, in general, is an agreement or approval between the workforces and the company (Irmawati, 2004: 9). Gibson *et al.* (1985) expressed definition of the commitment as a condition, which involves identification and loyalty toward the company where the individual works. Furthermore, Huber (1985) described that both acceptance and commitment toward the target are frequently interpreted in similar meaning, but in fact, each of them has a different idea. Acceptance to the target means an agreement to do something, and for commitment, the individual accept it but it does not mean the individual pursues the imposed target. Therefore, it can be said that the workforces accept and commit to the job implementation to reach the target if they know and recognize the established target along with their willingness and agreement.

Therefore, it can be concluded that the organizational commitment as an identification sense (believe in the organizational values), involvement (willingness to try the best in the interest of the organization), and loyalty (desire to be loyal as member of the related organization), as expressed by an employee toward his/her organization. The organizational commitment is a condition, in which the employee has been really attracted by the goals, values, and targets of the organization. Commitment to the organization means more than just a formal membership, because it includes feeling fond of the organization and willingness to try the best in the interest of the organization in order to achieve the goal. Based on this definition, the organizational commitment involves the loyalty to the organization, involvement in doing the job, and identification toward values and goal of the organization.

Each employee has different stand and behavior that based on his/her organizational commitment. Employee who has commitment to the organization, based on the effective stand, shows different attitude in comparison with the employee who has "continuance" stand. Employee, who wants to be the member of the related organization, will be desired to endeavor efforts in accordance with the organization's goal. On the contrary, the uninterested employee will avoid suffering any financial loss and other loss, so that they would not any optimal efforts. Meanwhile, the developed normative component as a result of socialization experiences depends on to the extent of obligation sense that is perceived by the employee. Such normative component creates a sense of obligation on the employee to respond for what has been accepted from the

organization.

Therefore, an individual who has high commitment will have a sense of identification toward the organization; get involved deeply in officialdom and loyalty as well as positive affection toward the organization. Besides that, the behaviors tend to lead to the organization's goal and desire to stay in the organization in the long-term. In order to develop the organizational commitment, it requires these three main aspects: identification, involvement, and loyalty of the employee toward the organization.

### 4. Performance of the Organization

Performance of the organization is intended as an achievement of the organization in doing its activities in a given period of time (usually in a year). Performance is a reflection whether the organization has succeeded or not in running the business. There are some standards to assess performance of an organization, but basically, they are divided into two types, subjective and objective. The objective standard relates to profitability of the product sales and the subjective profitability indicator is determined by perception of the manager toward profitability of the company's activities (Zeller, Stanko and Cleverly in Wasis Budiarto and Ristrini, 2004). Jauch and Glueck (1999) stated that performance can be seen from two aspects, such as: qualitative and quantitative. Quantitatively, performance of the organization can be recognized from achievement of the organization in comparison with what the organization did in the past or with other competitors in a number of factors, such as: net profit, share price, dividend level, profit per share of stock, output for return of capital, output on return of equity, market share, growth of sales, loss of working days due to the workers are on strike, cost of production and the efficiency, turnover of the employees, and satisfaction index of the employees. The qualitative perimeter includes questions in order to find out whether the goals, strategies, as well as integrated and comprehensive plans have been consistent, appropriate, and well-run.

According to Delaney and Huselid (1996), performance can be assessed from the performance perception of an organization in relation with the competitors that include some aspects, such as: quality of the products or services, development of new product, customer's satisfaction, product price, increasing sales, profitability, and etc. In accordance with Narver and Slatter in Appiah-Adu (2000), performance can be assessed from development of the sales growth, success of the new product and ROI in the last three years. Based on some concepts that have been mentioned above, they show that indicator of the performance standard of an organization can be done objectively by assessing directly on capability of the organizational performance and based on the managers' perception or the company's owner toward the given indicators.

### 5. Hypothesis of the Research

Referring to result of the basic theoretical model that has been described and result of the research conducted by some experts, the proposed hypothesis are as follow:

Hypothesis 1: There is a significant influence of human resources empowerment variable on human capital variable.

Hypothesis 2: There is a significant influence of human resources empowerment on commitment of the employee.

Hypothesis 3: There is a significant influence of human capital variable on commitment of the employee variable.

Hypothesis 4: There is a significant influence of human resources empowerment on performance of the organization.

Hypothesis 5: There is a significant influence of human capital on performance of the organization.

Hypothesis 6: There is a significant influence of the employee's commitment on performance of the organization.



Furthermore, a model has been developed to study and examine the HR Empowerment, Human Capital, and Commitment of the Employee, as well as their influences on performance of the organization. This research has examined the influence of Human Capital on Commitment of the Employee, and then the effect of both variables on performance of the organization was examined. Such model development has some benefits, such as obtaining information about outputs of the model development as being applied in hospitality industry.

## 6. Method Research

Populations of the research are the entire star hotels in East Java, particularly that locate in certain cities, such as two-, three-, four-, and five-star hotels, which comprise of 69 hotels (PHRI Jatim, 2012). On the average, there are 9 managers that include General Manager, Resident Manager, Duty Manager, Room Division Manager, Marketing Manager, Food and Beverage (F&B) manager, Chief Accountant, Chief Engineering,

and Personnel Manager. Determination of the sample used non-probability sampling, the proportional sampling. As the analysis unit was the hotel's manager by some consideration that the hotel's manager has complete information and plays as the decision-maker.

Respondents of the research were the functional managers in the star hotels who have fulfilled characteristics for being observed. The reasons are that the functional managers are the decision-maker in the operational level and comprehend the empowerment concept and the organizational change in the hotel organization. Data Analysis Technique used the inferential statistics to examine the effect of independent and dependent variables. While the analysis used to respond hypothesis of this research used the Structural Equation Model or SEM.

## 7. Results and Discussion

### 7.1. Results

The analysis result of calculation on modification indices is presented below.

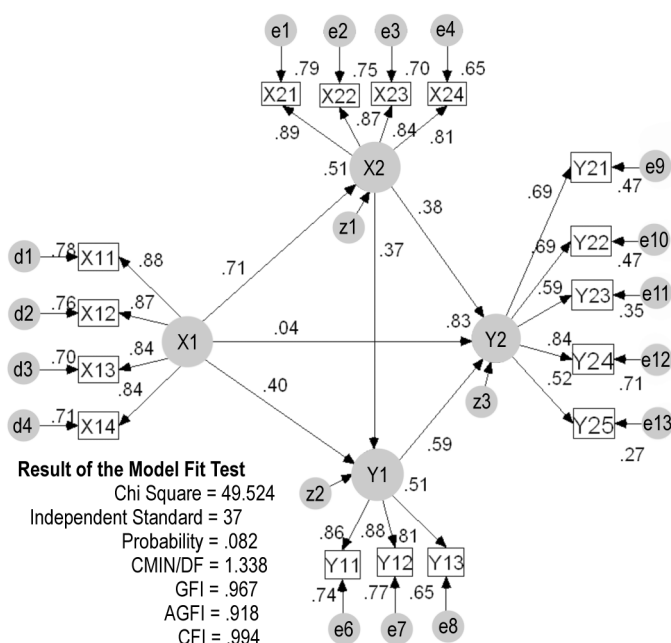


Figure 1.  
Result of Evaluation  
on the Structural Model

Source:  
Processed Primary Data (2018)

The fit of the evaluation model provides the following results. Value of GFI is 0.967 that means 96.7% covariant matrix of the population can be explained by covariant matrix of sample, so that the model fit is good, based on the GFI value. RMSEA is 0.040 and has met the criteria of the suggested recommendations, such as below 0.080, so that the model fit is good, based on RMSEA. The recommended AGFI is 0.90 and an analysis on this evaluation model, AGFI is 0.918. GFI has good status because the values have beyond the minimum limit of the recommended values. Other criteria have good status because the calculation results have fulfilled the recommended values. The result of the model test using chi-square has decreased the value to 49.524 by the probability value of 0.082. The result of this test describes that the empirical data is not

different from the proposed model (prob > 0.05). Index of the model fit by Tucker Lewis Index (TLI) recommends the values higher than 0.95, and the result of the model calculation has reached 0.987. As well as for the fit index by Comparative Fit Index (CFI), which recommends the value is higher than 0.95 and result of the calculation, has reached 0.994. Results of the analysis concluded that the evaluation model has fitness that is acceptable.

### 7.2. Hypothesis Test

The hypothesis test on the structural model relates to result of the regression coefficient test in each line as presented in the Table 1.

Hypothesis	Line Direction			Coef. Regress.	Standard Error	Critical Ratio	p-value
H1	HR empowerment	→	Human Capital (HC)	0.714	0.064	10.565	0.000
H2	HR empowerment	→	Commitment	0.400	0.106	4.254	0.806
H3	Human Capital (HC)	→	Commitment	0.373	0.109	4.096	0.000
H4	Emp	→	Performance	0.040	0.052	0.468	0.640
H5	Human Capital (HC)	→	Performance	0.383	0.61	4.386	0.000
H6	Commitment	→	Performance	0.590	0.052	6.683	0.000

Table 1. Result of the Hypothesis Test on the Structural Model

Source : Processed Primary Data (2018)

Testing on the first hypothesis showed that the coefficient of regression from HR empowerment construct toward the human capital construct is 0.714 by C.R. is 10.562 (higher than 2) and *p-value* 0.000 (lower than 0.05). In the standardized form, this coefficient value is 0.260. This result decides that the obtainable coefficient of regression has shown a significant effect of HR empowerment construct on the human capital construct. Therefore, the hypothesis of the research on the significant influence of HR empowerment on Human Capital has been proved (acceptable).

Testing on the second hypothesis showed that the coefficient of regression from HR empowerment construct toward the employee's commitment construct is 0.400 by C.R. is 4.254 (higher than 2) and *p-value* 0.000 (lower than 0.05). In the standardized form, this coefficient value is 0.018. This result decides that the obtainable coefficient of regression has shown a significant effect of HR empowerment constructs on the employee's commitment construct. Therefore, the second hypothesis about the significant influence of HR empowerment on employee's commitment has been proved (acceptable).

Testing on the third hypothesis showed that the coefficient of regression from the human capital construct toward the commitment construct is 0.373 by C.R. is 4.096 (higher than 2) and *p-value* 0.000 (lower than 0.05). This result decides that the obtainable coefficient of regression has shown a significant effect of the human capital construct on the commitment construct. Therefore, the hypothesis of this research on the significant influence of human capital on commitment has been proved (acceptable).

Testing on the fourth hypothesis showed that the coefficient of regression from HR empowerment construct toward the performance construct is 0.037 by C.R. is 0.468 (lower than 2) and *p-value* 0.640 (higher than 0.05). This result decides that the obtainable coefficient of regression has shown the insignificant effect of HR empowerment construct on the organizational performance construct. Therefore, the hypothesis of this research about the significant influence of HR empowerment on performance has not been proved (unacceptable).

Testing on the fifth hypothesis showed that the coefficient of regression from the human capital construct toward the performance, the construct is 0.383 by C.R. is 4.386 (higher than 2) and *p-value* 0.000 (lower than 0.05). This result decides that the obtainable coefficient of regression has shown a significant effect of the human capital constructs on the performance construct. Therefore, the hypothesis of this research about the significant influence among human capitals on performance has been proved (acceptable).

Testing on the sixth hypothesis showed that the coefficient of regression from the commitment construct toward the performance construct is 0.586 by C.R. is 6.683 (higher than 2) and *p-value* 0.000 (lower than 0.05). This result decides that the obtainable coefficient of regression has shown a significant effect of the employee's commitment construct on the performance construct. Therefore, the hypothesis of this research about the significant influence among commitments of the employees on performance has been proved (acceptable).

## 7.3. Discussion

Some interesting findings from the research, based on the result of the statistical test, showed that HR empowerment has insignificant influence on the performance of the star hotels. It means that HR empowerment in the hospitality industry, in accordance with the perception of the managers, has not been able to improve the performance of the hotel. Theoretically, the findings of the research did not support the theory as stated by Noe (2006) that HR empowerment affected the success of the management in the company. Also, results of the research did not support the previous researches by Rose (2007); Lashley (1999, 2000); Jarrar & Zairi (2002); D'Anunzio-Green et al. (1999) and Kotter (2002). Referring to result of the research by

Jarrar & Zairi (2002), HR empowerment has become an alternative for the organization development, in which it can be used as base of a strategy that can improve performance of the organization (Gutierrez et al., 2018; Bryson, 2018; Ginter et al., 2018; Chan, 2018; Paauwe & Boon, 2018; Boon et al., 2018; Chamberlin et al., 2018; Collings et al., 2018; and Huda et al., 2018). Result of the research has supported the research conducted by Zulkarnain (2008), which showed that the empowerment program has an insignificant effect on competition of the entrepreneurship and business growth.

Indirectly, HR empowerment has affected the performance of the organization through Human Capital and Commitment. Result of SEM analysis showed that HR empowerment has not been able to improve the performance of the organization directly, but it could improve indirectly through Human Capital and Commitment, HR empowerment is stronger in affecting the organizational performance improvement. It means that Human Capital and Commitment have been able to mediate the effect of HR empowerment on the performance of the organization.

Based on result of the research analysis, it showed that HR empowerment has a significant influence on Human Capital. It indicated that human capital as in accordance with the perception of the manager, it has been affected significantly by HR empowerment that has been done.

Indicators of this Human Capital variable include education, development, training, and experience. Result of SEM analysis showed that education is the main indicator informing Human Capital, and in accordance with result of the loading factor, the experience is the weak indicator informing the Human Capital. It means that a greater number of lower education level will affect lower human capital, which must be done by the organization.

Findings from result of the research showed that Human Capital variable could mediate HR empowerment variable in improving the performance of the organization. It means that human resources investment, which has been done by the organization, would provide a contribution to the performance improvement of the star hotel organization if the organization has empowered its employees. Therefore, the employee can be appointed as a partner in improving performance of the organization through human capital.

Based on result of the analysis, it showed that HR empowerment construct has positive and significant influence on Commitment. HR empowerment in this research has been classified by indicators of participative, initiative, loyalty, and responsibility. Meanwhile, Commitment variable has been explained by indicators of normative, affective, and continuation.

The results stated that in the organization, a human has responsibility for the organizational management so that human resources within the organization will have high commitment for the achievement of the organization's goal that has been established. Referring to result of the research by Jarrar & Zairi (2002), HR empowerment demand the extended roles, authorities, and power, as well as the increasing flexibility about how are those roles played, and then it can be said that the only competitive profitable sources are human in the organization who have responsibilities, educated, and flexible.

Based on the analysis, result of the research showed that Human Capital has a positive and significant influence on Commitment. It shows that the organization of the star hotels, which have implemented the development program for their employees, have provided adequate education and training for the employees so that they will have sufficient experiences. This has affected the increasing commitment of the employees toward the organization.

Human capital has a positive and significant influence on the performance of the organization. This finding showed that the better the hotel's organization in building and developing the human resources, the faster the improvement of the organizational performance will occur. In order to increase human resources' capabilities in the star hotels, it requires high involvement of the management in determining the direction of

their policies and concerns toward the improvement of education and other HR development.

Commitment has a positive and significant influence on the performance of the organization. The commitment in this topic is the employees' loyalties to maintain a good industrial relationship with the organization whenever it faces susceptible condition, and of course, it shows that if the organization has the high commitment, it will be able to maintain high performance.

Human capital has a positive and significant influence on Commitment. These findings showed that the organization's attention on human resources development through education and training will increase the employee's commitment to the organization. However, commitment to the organization has been described by some indicators, such as loyalty to the organization, involvement in doing the job, and identification on values and goal of the organization.

HR empowerment has indirectly affected on the organizational performance through Human capital and Commitment. It indicates that both Human Capital and Commitment could mediate the increasing organizational performance if management of the organization has been empowered, so that investment in intangible assets will run faster and become a better organization. Finally, it will increase the organizational performance.

Results of the research proved that the performance of the organization can be improved indirectly by empowering human resources through human capital and commitment. The HR empowerment has characterized parameter that each member of the organization has participate in achieving the company's goal, initiate in doing the job, has strong loyalty and responsibility toward the achievement of the organizational performance, therefore, it will lead the organization to achieve better performance.

In order to improve the performance of the organization through Human Capital, it requires more concerns from the management that concerning with improvement of the human resources development through education and training for the employees. Furthermore, it must be implemented to support the employees to learn continuously and the more important thing is the management should have a strong motivation to implement the programs for human resources development.

Result of the research proved that improvement of the organizational performance can be achieved if the employees in the star hotel organization have a strong commitment to achieve the organization's goal mutually. In order to achieve the goal, it requires their feelings to perceive identification toward the organization, get involved completely in the officialdom, as well as loyalty and positive affection toward the organization, and more important is motivator provided by the stakeholders, so that the managers could actualize themselves to the related organization.

This research proved, both directly and indirectly, that HR empowerment affects the increasing organizational performance, which means that the increasing organizational performance will occur continuously but slower. However, the organization should pay more attention to the development of the human resources and increase the commitment of the employees to the organization.

## 8. Conclusions and Suggestions

### 8.1. Conclusions

The better human resources empowerment does not immediately improve performance of the organization. It means that more empowered manager of the star hotel organization, it has not been able to improve performance of the organization. HR empowerment would be able to increase the organizational performance through human capital and if HR has high commitment to organization, it means that human capital and commitment would be able to increase the mediation of HR

empowerment in increasing the organizational performance. Commitment is highly determined by the empowered Human Resources besides human capital, and the organizational performance will increase rapidly if the organization has the empowered human resources, which is continuously developed, in order to obtain high commitment to the organization, and of course, it will increase the organizational performance.

### 8.2. Suggestions

Due to most of the star hotel's managers still feel unsatisfied on the empowerment practices, therefore it is suggested to more emphasize the empowerment on the managers by delivering greater authority and responsibility to the managers in decision-making, particularly in doing their duties in order to achieve both work and customer's satisfaction in hotel sector, so that it will be able to improve performance of the organization. In order to develop human resources in human capital, it is suggested for the hotel management to be more focused on the standard of competence for the workforces in the hospitality industry. Provide training to all levels of the employees in order to be more empowered and capable in providing the right information to the market about the organization. This is based on response of the respondents who give low value on information given by the employees to the market, in which the information should not contradict with the real condition of the organization. It means that information given to the employees should be correct in order to avoid the employees give the contradictive information to the market.

For further researcher, some important and appropriate variables should be tested as human resources-based performance mediator in order to achieve the customer's satisfaction, such as human resources competence and emotional skill, and of course, it would enable the strategic human resources variable can be adjusted with the corporate strategy.

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